UNITED
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Secretariat

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SECRETARY-GENERAL'S BULLETIN

To: Members of the staff

Subject: THE FINANCIAL SITUATION OF THE ORGANIZATION

1. Through this bulletin I wish to inform all staff members of the serious financial situation facing the Organization and of the related measures I have decided to put into effect.

2. In June, when I addressed the High-level Open-ended Working Group on the Financial Situation of the United Nations, I informed the members of the Working Group that unpaid assessed contributions to the Organization amounted to $2.8 billion as at 31 May. At 31 August 1995, total outstanding contributions had risen to more than $3.7 billion. The current cash shortage is particularly acute with respect to the United Nations regular budget, for which almost $850 million, or some 40 per cent of the total assessed at the beginning of 1995, remains unpaid.

3. The high level of the cash shortfall is unprecedented. After utilizing all other available reserves, regular budget cash was completely depleted in mid-August. Since that time and to date, we have had to borrow a total of $98 million from peace-keeping operations to cover regular budget expenditures. Unless significant contributions are received from those Member States with outstanding contributions, it will be necessary to borrow almost $200 million from peace-keeping operations by the end of October, and nearly $300 million by the end of November.

4. We have been able to borrow from peace-keeping operations only because we have postponed long-overdue reimbursements to about 80 troop-contributing countries as well as the payment of Letters of Assist to Governments. If the current situation continues, the Organization will owe troop-contributing countries more than $1.2 billion by the end of the year. This will place peace-keeping operations in great jeopardy.

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5. My earnest hope is that all Member States will respect their financial obligations under the Charter and I am taking all possible steps to this end. I shall also be submitting proposals to the General Assembly very shortly on measures that can be taken, with its agreement, to conserve cash, including the reduction in the number of meetings of the General Assembly and other bodies. Other measures may also be necessary.

6. Meanwhile, in the light of the immediate cash situation, I have decided that the only viable course of action is to implement, with effect from 15 September, the following measures, which lie within my competence:

(a) A freeze in recruitment;

(b) A suspension of new consultancies;

(c) A suspension of purchases of new furniture and equipment;

(d) Severe limitation on overtime and travel of staff;

(e) Delay in payment to vendors;

(f) Deferral of payment of representation allowance;

(g) Institution, in those duty stations where it is not already in effect, of the payment of salaries to staff at the Professional level and above once a month, rather than semi-monthly. This measure will be implemented as from 1 November.

7. I know you will understand the seriousness of the situation we face. I must ask each and every one of you for your continued loyalty and support. This Organization depends on its staff. Your continued dedication and hard work will be a major element in preserving and enhancing the role of the United Nations as a constructive force in world affairs.

Boutros BOUTROS-GHALI
Secretary-General